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18 September 1956

YUGOSLAVIA

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O/NE Alternative Draft for DDCI - NSC Briefing

I. In connection with your discussion of Yugoslavia this morning, I think it would be useful for me to summarize the main conclusions of the IAC's latest estimate on Yugoslavia -- completed about eight weeks ago -- and to call your attention to certain more recent developments.

II. The main points made in our estimate, which came out soon after Tito's visit to Moscow, were as follows:

A. Tito's visit to the USSR, with its formal agreement to enter into party-to-party relations, put the seal of approval on the special relationship which had been developing between the two countries over the previous two years.

1. Tito will probably develop even closer ties with the USSR and will almost certainly seek to develop closer ties with the Satellites.

2. In addition, he will almost certainly side with the USSR on most major international issues, doing all he can to promote popular fronts, to woo the neutralists, to spread the concept of coexistence, and to gain support for the Soviet stand on disarmament and European security.

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B. Nevertheless, available evidence indicates that Yugoslavia has continued to maintain an independent status and that -- at least for some time to come -- Tito is unlikely to associate himself formally with the Bloc through such arrangements as the Warsaw Pact or the Council for Economic Mutual Assistance.

1. Although the Deputy Director for Intelligence, the Joint Staff, felt that the possibility of a "secret deal" with Moscow could not be discounted, the rest of the IAC concluded that Tito probably still believed that his interests could better be served from a position outside the Bloc and that such a deal was therefore unlikely.

C. Although Tito's sense of need for Western -- and particularly US -- support has declined, he probably does not wish to burn all his bridges behind him.

1. He still looks to the US for economic and some military aid and probably continues to feel that without Western friendship he would be less capable of standing up against Soviet pressures and inducements.

III. Since this estimate was completed there have been several noteworthy developments:

A. Tito has accepted a \$175 million credit provided jointly by the USSR and East Germany for the building of his aluminum industry -- even though discussion with the West regarding these very same projects were still unresolved.

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1. This brings Tito's credits with the Bloc up to \$464 million -- about three times as much as he has with the West. Meanwhile Yugoslavia's scheduled trade with the East has continued to grow to a point where it now represents about one third of its overall foreign trade. This is about the same as pre-World War II and about half the Bloc trade in 1947, just before his break with the Cominform.

2. Tito's move also casts some doubts on the extent of Tito's reliance on aid from the West and also suggests increased willingness to take actions displeasing to the West.

B. On September 10 Tito obtained 300,000 tons of wheat from the USSR.

1. This however represents emergency needs which Tito was unable to obtain from the US.

2. The Tito government still wants one million tons of US surplus wheat to meet next year's needs. It also wants some additional financing for the West for additional aluminum and power developments.

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C. The Tito-Khrushchev Moscow communique of June calling for a "free and comradely exchange of experiences" between the Yugoslav and Soviet Communist parties got matters off to a flying start;

1. Yugoslav parties ties have since been established with several of the satellites -- Poland, Czechoslovakia, Rumania -- as well as with Togliatti in Italy.

2. During the Poznan riots Tito ranged himself alongside the Polish regime in opposition to provocateurs.

D. However, the mood of comradeship with the Soviet leadership in its fight on Stalinism has recently been overcast by signs of friction:

1. Tito has continued its pressures for liberalization of the Satellite regimes;

2. Meanwhile, the USSR appears to have backed off from its endorsement of the Titoesque concept of "different roads to socialism" and in one case has even come out against "national communism" a term previously used as a synonym for "Titoism".

3. A press duel has apparently developed over certain trials of "Cominformist traitors" now going on in Yugoslavia.

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